



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE UNIFORM PAYROLL

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April 1, 2003

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2003-50

TO: All ISIS HR Agencies

FROM: Jena W. Cary
Director

SUBJECT: Uniform Payroll Insurance Commission Update - Enrollment

Through executive order, in accordance with Act 1029 of the 2001 Regular Session, the Uniform Payroll Insurance Commission (UPIC) was established to study a number of issues including the administration of the insurance products currently offered through payroll deduction. Upon recommendation of this Commission, the Office of State Uniform Payroll (OSUP) formed a subcommittee of nine agency representatives and seven vendor representatives to work with on recommendations for the resolution of various issues recognized by the Commission.

The first issue addressed by the UPIC Subcommittee was resolution of enrollment problems. The subcommittee recognized that many enrollment problems could be avoided if materials in the following areas were developed and made available for the employees, agencies and vendors:

- **Educating Employees**
- **Solicitation Policy**
- **Vendor Coordinator Responsibilities**

Through this memorandum, OSUP is distributing to agencies, and subsequently employees, the materials developed by the subcommittee. This same material is also being sent to the vendors approved for payroll deductions for state employees.

Educating Employees

At this time, each agency Human Resource Office provides to employees miscellaneous insurance material currently available in many different ways. HR staff are not insurance agents; they can not advise employees on the type of coverage needed or available. Subcommittee members felt that it is very important to find a uniform way to educate all state employees on the additional benefits (insurance products or services) that are available through payroll deductions.

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New miscellaneous insurance information for state employees has been developed and included on OSUP web pages. The new Miscellaneous Insurance Vendors/Products page lists all products and vendors approved for payroll deduction. This web page provides employees the ability to search for more information on products and vendors. Employees can view all the vendors that offer a product type, and also view all the products that a specific vendor offers. Generic product definitions, including questions to consider asking when selecting certain products, have been added for each product type. Phone numbers for employees to call vendors with questions are available. Links to pages that will be maintained by the vendors will provide more detailed information about the products offered to LA State Employees. These links will be added in the near future as they are developed by the vendors. All of the information provided should help employees to make their own decisions about supplemental benefits and reduce the time agency personnel spend on this process.

In order for employees to be aware of this new information, a message about the new web page will be provided on employee earnings statements and in ESS for payday April 4, 2003. **However, agencies must also advise employees how to access this material.** If internet access is possible, advise employees of the following link to get a complete review of the Miscellaneous Insurance Vendor/Product information approved for July 2003: http://www.doa.state.la.us/osup/Misc_Ins_Prod_Listing_July2003.htm.

The web pages have been developed in a format that should be printed by agency HR/EA/Benefits personnel for those employees that do not have easy access to the internet. Agencies are to include this material in agency Employee Orientation procedures in order for all employees to be aware of additional benefits offered.

Solicitation Policy

Section 127 of the Payroll Deduction Rule requires that, before permitting access to employees, state agencies must provide vendor coordinators a copy of the department/agency policy relative to payroll deduction and solicitation guidelines. (Please refer to the following link to review complete details of Section 127 and the entire rule: http://www.doa.state.la.us/osup/payroll_ded_info.htm.)

The UPIC Subcommittee found that many agencies are not in compliance with this Payroll Deduction Rule requirement. Many agencies do not even have a solicitation policy, or the policies do not include the details required. Therefore, the Subcommittee has prepared a sample Supplemental Vendor Solicitation Policy (see attached) for agencies to use as a guideline for developing the department/agency policy as required in the Payroll Deduction Rule.

Agencies that do not currently have a policy must have one in place before allowing vendors access to employees. Vendors are being instructed that they can not solicit state employees if a solicitation policy is not provided prior to scheduling visits. Agencies that have a solicitation policy are encouraged to review the sample attached and revise their policy as soon as possible to reduce problems not currently addressed. Creating and following this policy should eliminate many problems encountered by both agencies and vendors in regards to who can have access to employees and when. **All ISIS HR Paid Agencies must submit a copy of their new or revised Supplemental Vendor Solicitation Policy to OSUP prior to plan year 2004-2005 Annual Enrollment (April 1, 2004).**

Vendor Coordinator Responsibilities

Subcommittee members reviewed a number of problems encountered by both agencies and vendors and tried to address how each could be resolved. They recognized a need to provide vendors, as well as the agency personnel, with one document that could clearly explain many of the vendor responsibilities in the Payroll Deduction Rule and include vendor procedures established by OSUP. With the assistance of the Subcommittee, the Vendor Coordinator Responsibilities document was developed (see attached). This document provides what is expected of the Coordinator, who is the point of contact for agency personnel and OSUP in regard to miscellaneous vendors, in areas such as monthly reconciliations, refunds, rate increases, solicitation, etc. The refund process in this document also includes the agency's responsibility and should be reviewed closely. Distribution of this document to both agencies and vendors should help reduce problems in the future.

The UPIC Subcommittee will continue to meet monthly to discuss the resolution of various issues related to the administration of insurance products. OSUP will provide agency HR personnel with updates that relate to your responsibilities in this area.

If you have any questions, please contact Angel Vernon at (225) 342-5344. Please contact Angel also if you encounter problems relating to vendors and miscellaneous insurance products.

JWC:ACV

Attachments: [Sample Supplemental Vendor Solicitation Policy](#)
[Vendor Coordinator Responsibilities](#)

[Word Version of Sample Supplemental Vendor Solicitation Policy](#)

SAMPLE POLICY

SUBJECT: **SUPPLEMENTAL BENEFITS SOLICITATION POLICY**

EFFECTIVE DATE: _____

AUTHORIZATION: _____

I. PHILOSOPHY

It is the philosophy of the Department of _____ to comply with all directives of the Division of Administration (DOA) and to establish efficient and economical practices whenever possible.

II. POLICY

It is the policy of the Department of _____ to allow supplemental benefits solicitation only by companies (vendors) who have been approved for payroll deduction by the Office of State Uniform Payroll (OSUP) and have a current payroll deduction code.

III. PURPOSE

The purpose of this policy is to assure consistency and uniformity throughout the department regarding supplemental benefits solicitation. Appointing Authorities (or as determined by each department) are responsible and accountable for enforcement of this policy and the procedures set forth herein.

Supplemental benefits solicitation is a privilege, not a requirement. Supplemental vendor solicitation privileges may be rescinded for those who do not comply with the guidelines of this policy.

IV. AUTHORITY

In accordance with R.S. 49:950 et seq., and R.S. 42:455 et seq., the Office of the Governor, Division of Administration, Office of State Uniform Payroll adopted a rule amending the regulations governing payroll deductions. The rule defines, clarifies, and establishes parameters for vendor participation.

Louisiana Administrative Code Title 4, Part III, Chapter 1, Section 123 ASolicitation of State Employees@ part B states: ASolicitation of employees shall be conducted within the guidelines established by the department/agency.@

V. APPLICABILITY

This policy shall apply to all offices of the Department of _____ and shall be disseminated to all organizational units.

VI. DEFINITIONS

- A. **Supplemental Benefits Solicitation:** Benefits such as health, life, disability, dental, and legal services offered to employees through payroll deduction that have been approved and assigned codes by OSUP. This does not include any products offered by the Office of Group Benefits (OGB). These products will be coordinated by OGB.
- B. (Title of the person in your department who will be responsible for coordinating the supplemental vendors who request permission to solicit approved products.)

VII. VENDOR PROCEDURES

- A. Vendor's Louisiana Sales Coordinator will determine which representatives will visit a proposed site.
- B. Supplemental benefits vendors wishing to solicit must have a payroll deduction code with OSUP. The service or product being offered must be the specific service or product that received approval for solicitation by OSUP.
- C. (Whoever is responsible) will determine the date, time, and location convenient for presentations to employees. The vendor must remain in the designated area as set forth by (Whoever is responsible). The vendor is not allowed to visit in areas where employees work without prior approval.
- D. Each vendor will be allowed up to (each department must determine the limit of visits allowed) _____ solicitation visits per calendar year upon invitation and authorization. The number of solicitation visits and type of event will be determined by (department authorized individual). Examples of solicitation visits are as follows:
 - C Allow individual vendor representative visits.
 - C Organize a Vendor Fair 1-2 times per year where all approved vendors are invited to participate. Vendors are only allowed to solicit pre-approved products.
 - C Departments join forces to hold a Vendor Fair open to all departments within the same building or area when appropriate.
 - C Hold one fair during OGB Annual Enrollment and one at another time over a two day period to assure all employees have a chance to visit.
- E. (Whoever is responsible) shall communicate to all employees concerning the date, time, and location of the vendor's visit. Communication may be via e-mail, intranet systems, posters on bulletin boards, etc. The communication must inform employees of the following:

Employees may only visit with the vendors during their break period, lunch period, before or after work or during a special time period established and approved by the department. Employees unable to complete their business with the vendor during the allotted times must conclude the business outside of working hours. These offerings are completely voluntary but employees electing to participate must have their premiums paid through payroll deduction. Although the department allows authorized vendors to present their services and products to employees, the Department makes no endorsement of any offering. (See Attachment B for sample departmental announcement.)

- F. (Whoever is responsible) may post promotional materials provided by the vendor along with the department's announcement. The vendor may also provide materials to employees who elect to meet with the vendor during the department's approved solicitation visit. Vendor promotional materials must not be distributed by any other means within the department without prior department approval.
- G. Upon request from a vendor for ~~An-site~~solicitation, (whoever is responsible) will provide the Vendor's Louisiana Sales Coordinator a copy of this policy and obtain a signed acknowledgment from the vendor representative before allowing access to the site. (See Attachment A for sample form.) A facsimile copy is acceptable.
- H. According to OSUP policy, payroll deduction authorization forms (SED-4's) must be signed by a vendor representative AND the employee unless otherwise directed by the Office of State Uniform Payroll (OSUP). Any changes or corrections, due to SED-4 being completed incorrectly by the vendor representative, to an employee's supplemental policy or premiums must be handled between the vendor and the employee by all reasonable means (letter, phone, agency or home visit). The Department will not be responsible for any errors or omissions on the part of the vendor and the vendor's representative, but will assist, if necessary, in obtaining a signed SED-4 if the vendor has exhausted all other means. OSUP will also assist in this process if necessary.
 - 1. No entries, changes or corrections will be entered into the Department's payroll system without an SED-4 signed by the representative and the employee unless otherwise directed by OSUP.
 - 2. No cancellations requested by the vendor will be entered into the Department's payroll system without an SED-4 signed by the representative and the employee unless otherwise directed by OSUP.
 - 3. No cancellations of all products with a vendor requested by the employee will be entered into the Department's payroll system without a written dated statement from the employee in which the agency must instruct the employee to forward a copy of that letter to the vendor. If an employee that has more than one product with a vendor wishes to cancel only one product with that vendor, they must be directed to the vendor to cancel per an updated signed SED-4. **NOTE: Refer to additional documentation for processing the cancellation of a deduction in the Flexible Benefits Plan (FBP).**
 - 4. For situations in which a correction to an SED-4 results in no change in total semi-monthly premium (no increase or decrease), the employee's signature is not required, but a copy of the SED-4 with a letter of explanation must be sent to the employee and the Department.

VIII. FORMS REQUIRED FOR IMPLEMENTATION OF POLICY

- A. Vendor Acknowledgment of Receipt of Benefits Solicitation Policy (Attachment A).
- B. Notification to Employees of Supplemental Benefits Solicitation (Attachment B).

IX. EXCEPTIONS

This policy does not apply to any of the products that are coordinated through the Office of Group Benefits.

Any other exceptions to this policy must be approved by the _____ of the Department of _____.

SAMPLE ATTACHMENT A

Vendor Acknowledgment of Receipt of Benefits Solicitation Policy

This agreement and a copy of the agency policy must be sent to the Vendor's Louisiana Sales Coordinator. All signatures must be obtained before a solicitation date is confirmed and employees are notified. A facsimile copy is acceptable.

(Date)

SUBJECT: SUPPLEMENTAL BENEFITS SOLICITATION

AGREEMENT BETWEEN:

(Department/Office/Division/Section) (Supplemental Benefits Vendor Name)
(Building Name, Room No.) AND (Name of Representative)
(Street Address/City)

SOLICITATION DATE(S): (Dates and Times)

This will acknowledge my receipt and understanding of the Supplemental Benefits Solicitation Policy of the Department of _____ and other information set forth in this document.

According to OSUP Policy, payroll deduction authorization forms (SED-4) must be returned to _____ and will be processed in the pay period following receipt or the first pay period of the new plan year. Any changes or corrections, due to SED-4 being completed incorrectly by the vendor representative, to an employee's supplemental policy or premiums must be handled between the vendor and the employee by all reasonable means (letter, phone, agency or home visit). The Department of _____ will not be responsible for any errors or omissions on the part of the vendor or the vendor's representative, but will assist, if necessary, in obtaining a signed SED-4 if the vendor has exhausted all other means.

1. No entries, changes or corrections will be entered into the Department's payroll system without an SED-4 signed by the representative and the employee unless otherwise directed by OSUP.
2. No cancellations requested by the vendor will be entered into the Department's payroll system without an SED-4 signed by the representative and the employee unless otherwise directed by OSUP.
3. No cancellations of all products with a vendor requested by the employee will be entered into the Department's payroll system without a written dated statement from the employee in which the agency must instruct the employee to forward a copy of that letter to the vendor. If an employee that has more than one product with a vendor wishes to cancel only one product with that vendor, they must be directed to the vendor to cancel per an updated signed SED-4. **NOTE: Refer to additional documentation for processing the cancellation of a deduction in the Flexible Benefits Plan (FBP).**
4. For situations in which a correction to an SED-4 results in no change in **total** semi-monthly premium (no increase or decrease), the employee's signature is not required, but a copy of the SED-4 with a letter of explanation must be sent to the employee and the Department.

Vendor Acknowledgment of Receipt of Benefits Solicitation Policy (continued)

Vendor's Louisiana Sales Coordinator signature certifying the distribution of this policy to the below Vendor Representative.

Signature Date
Vendor's Louisiana Sales Coordinator

I, _____ (Vendor Representative), certify that I have received
and
PRINT NAME
read the policy listed above and will follow the established procedures and dates set forth by the
Department of _____. I understand that any violations by me may
constitute cause for my solicitation privileges to be rescinded.

Signature Date
Vendor Representative

SAMPLE ATTACHMENT B

Notification of Supplemental Benefits Solicitation

(Date)

MEMORANDUM

TO: Employees

FROM: (Department Authorized Person)

SUBJECT: (Name of Supplemental Benefits Vendor)
(Name of Representative Approved by Vendor's Louisiana Sales Coordinator)

The above referenced supplemental benefits vendor will have a representative (name of representative), (where), on (dates and times).

Employees who are interested in obtaining information on (type of benefits) may do so during break periods, lunch periods, before or after scheduled working hours or during a special time period established and approved by the department. Employees who are unable to attend or, due to time constraints, unable to complete an enrollment transaction during the approved times must make arrangements with the benefits representative to conclude the business outside of working hours and location or during a special time period established and approved by the department.

Offerings by this supplemental benefits vendor are completely voluntary; however, employees electing to participate must have their premiums paid through payroll deductions.

Although (the department) has a policy to allow authorized vendors to present their approved services or products to employees, the Department does not endorse any offerings.

Employees have full responsibility for knowledge of the products or services they are purchasing and must obtain a clear understanding of all the terms of their contracts from the vendor's representative. The Department's only responsibility is to assure that the payroll deductions are made in accordance with the signed payroll deduction authorization form (SED-4).

Your adherence to the above guidelines regarding supplemental benefits solicitation is required.

Vendor Coordinator Responsibilities

COORDINATOR:

The Administrative Coordinator is the individual designated by the company/vendor to be the primary point of contact on authorized deductions between state departments/agencies, company representatives, and the Office of State Uniform Payroll (OSUP). **This individual should be knowledgeable in the company/vendor areas of enrollment, billing, claims processing, client service and field agent activity and responsibility. The Administrative Coordinator must also be knowledgeable of all the details in the entire Payroll Deduction Rule as well as OSUP policies and procedures issued to vendors.** The company/vendor, *through this representative*, will be expected to resolve any problems that may arise for state agency management resulting from the payroll deduction authority.

The Administrative Coordinator may appoint a person within the company to be a LA Sales Coordinator to handle the areas of solicitation and educational responsibilities. The LA Sales Coordinator will be designated as the primary point of contact for state employees and agency Employee Administration (EA) personnel for solicitation and educational purposes. The LA Sales Coordinator must coordinate with vendor sales representatives and the Administrative Coordinator in order for accurate and efficient processing of employee deductions to occur.

§125. Vendor Responsibility

- A. Vendor coordinator shall be responsible for dissemination of information such as the requirements of this rule and department/agency policy and procedures to vendor representatives.
- B. Vendor coordinator shall act as liaison for the vendor with any administrative contract(or) and the state relative to Flexible Benefits Plan participation. The coordinator shall also be responsible for dissemination of information to vendor representatives.

Communication:

Communication between the designated Coordinators, OSUP and state agency personnel is critical for accurate and efficient processing of employee deductions. Timely resolution of deduction problems is a must. Coordinators are responsible for assuring that both verbal and written correspondence is provided to state agency personnel in a variety of situations, some of which include incorrect deduction codes, incorrect deduction amounts, lapsed policies, rate increases and other noted discrepancies.

Solicitation:

Administrative Coordinators may assign the LA Sales Coordinator the responsibility for regulating open solicitation. The LA Sales Coordinator will be responsible for acquiring an agency's Supplemental Benefits Solicitation Policy and obtaining a signed acknowledgement from the vendor representative prior to solicitation. When possible, group solicitations for specific areas in LA should be organized and conducted in a central location for that particular area. This will allow the employees of the smaller outlying department/agencies to attend. It should be made certain that each area of solicitation covers all outlying department/agencies.

§123. Solicitation of State Employees

- A. Employees may be solicited for deduction only:
 - 1. after notification to the vendor and state department/agencies from the Division of Administration, Office of State Uniform Payroll, or notification from the Governing Board for Universities, that the product has been approved;
 - 2. upon written authorization from employer department and agency administrator; and
 - 3. for participation in products currently authorized for deduction.
- B. Solicitation of employees shall be conducted within the guidelines established by the department/agency.
- C. The coordinator shall be responsible for obtaining solicitation authorization **and department policy** from the department/agency secretary or his designee.
- D. Vendors may be barred by a department/agency from solicitation within that department/agency. Vendors may be barred from solicitation statewide by OSUP.
- E. Any vendor representative who has been barred from state participation by a vendor shall not be allowed to represent any vendor for deduction for a minimum of two years thereafter.

Payroll Authorization Forms (SED-4's):

According to OSUP policy, payroll deduction authorization forms (SED-4's) must be signed by a vendor representative AND the employee unless otherwise directed by the Office of State Uniform Payroll (OSUP). Any changes or corrections, due to SED-4 being completed incorrectly by the vendor representative, to an employee's supplemental policy or premiums must be handled between the vendor and the employee by all reasonable means (letter, phone, agency or home visit). The Agency will not be responsible for any errors or omissions on the part of the vendor and the vendor's representative, but will assist, if necessary, in obtaining a signed SED-4 if the vendor has exhausted all other means. OSUP will also assist in this process if necessary.

- 1. No entries, changes or corrections will be entered into the Agency's payroll system without an SED-4 signed by the representative and the employee unless otherwise directed by OSUP.
- 2. No cancellations requested by the vendor will be entered into the Agency's payroll system without an SED-4 signed by the representative and the employee unless otherwise directed by OSUP.
- 3. A request by the employee to cancel all products with a vendor will not be entered into the Agency's payroll system without a written dated statement from the employee in which the agency must instruct the employee to forward a copy of that letter to the vendor. If an employee that has more than one product with a vendor wishes to cancel only one product with that vendor, they must be directed to the vendor to cancel per an updated signed SED-4. **NOTE: Refer to additional documentation for processing the cancellation of a deduction in the Flexible Benefits Plan (FBP).**
- 4. For situations in which a correction to an SED-4 results in no change in **total** semi-monthly premium (no increase or decrease), the employee's signature is not required, but a copy of the SED-4 with a letter of explanation must be sent to the employee and the Agency.

SED-4's are preprinted by the vendor and approved by OSUP with product names grouped by IRS Section 125 eligibility (FBP). Vendor Representatives must not make handwritten changes to product names on SED-4's. Agencies have been instructed to not process SED-4's submitted with hand written changes to the product names.

§125. Vendor Responsibility

- J. Vendors shall not be authorized to submit any deduction form which was obtained from an employee for the purpose of transmitting any part of that deduction to a third party.
- L. Vendors shall not submit deduction forms listing any product or service for which a product code has not been assigned through the new application process. Vendors shall submit deduction forms only for those policy forms or service plans which have been approved.

Additional details pertaining to the deduction authorization form may be found in §121 of the payroll deduction rule.

Authorized Deductions:

Per the payroll deduction rule, an employee may have a payroll deduction for anyone with insurable interest as defined below:

Insurable Interest - as referenced herein shall be as defined in R.S. 22:613.C.(1) and (2) i.e., an individual related closely by blood or by law, or a lawful and substantial economic interest in having the life, health or bodily safety of the individual insured continue.

However, IRS Code Section 125 eligible products under OSUP's payroll deduction rule can be deducted for ***dependents*** (as defined in Section 152 of the IRS code) ***only***.

Ineligible (non Section 125) products under OSUP's payroll deduction rule can be deducted for anyone with insurable interest.

Deduction Approval/Rate Increases:

Department of Insurance (DOI) and Office of State Uniform Payroll (OSUP) are two separate entities. DOI approves your policies to be sold in Louisiana. OSUP approves your policies to be sold to LA state employees through payroll deduction. These are two separate processes.

For Rate Increases, you are required to submit documentation to DOI, but DOI does not approve/disapprove the rate increase. DOI will forward you a response indicating that your rate increase documentation was received and placed on file. **OSUP** must approve rate increases to products approved for payroll deduction for LA state employees.

Per §112 of the payroll deduction rule, a vendor must request changes to existing products (which includes an across the board rate increase) by October 1. Requests will be reviewed and the vendor will be notified by Dec 1 of the approval or denial. Rate increases that are approved will be implemented July 1.

Monthly Reconciliations:

Discrepancies such as incorrect deduction amount and incorrect product set up should be identified. Discrepancies identified on the vendor's monthly reconciliation must be forwarded to each agency by mail or fax no later than the end of the month following the deduction. Agency contacts, address, phone and fax information can be obtained from the OIS Contacts website. The following address is the website to search for agency contacts: <http://www.doa.state.la.us/OSISContacts/home.cfm>

The following steps should be taken to locate the appropriate agency contact.

1. Use the Agency Listing from the OSUP website to determine what agency you want to search for
http://www.doa.state.la.us/osup/isishr_agy_info/isishr_agy_list.xls
2. Search by Agency (sort the list first - see on website).
3. Choose appropriate agency and submit query.
4. Under Responsibilities, select Employee Administrators - Paid.
5. Click on contact name.

You will receive phone number, email address, agency address and, further down, any other agencies this contact may be responsible for.

An employee & vendor representative signed SED-4 must also be included for any increases or decreases in total deduction. If the total deduction does not change, then the employee signature is not required, but a copy must be sent to the employee with a letter explaining the changes.

§125. Vendor Responsibility

- C. Vendor shall use invoice/billing identification structure that is compatible with payroll agency control groups to facilitate the monthly reconciliation.
- D. Vendors shall be responsible for preparing a reconciliation of monthly payroll deduction/remittances to vendor's monthly premium due.
- E. Monthly Reconciliation shall include total monthly premium due amount, each product amount and product code that makes up the total amount of premium due, total remittance amount, and a listing of all exceptions between the premium due and deduction/remittance by employee within billing/payroll reporting groups.
- F. Monthly Reconciliation exception listing shall identify the employee by Social Security Number and payroll reporting number and shall be grouped within payroll agency numbers for DOA statewide payroll system agencies and similarly for payroll systems outside of the DOA statewide payroll system.
- G. Vendors shall furnish evidence of reconciliation to the Division of Administration, Office of State Uniform Payroll **as requested by that office**. Like verification may be required by other payroll systems outside of the DOA statewide payroll system.
- I. Vendors failing to provide accurate and timely reconciliation verification will be barred from active solicitation until satisfactory certification is submitted to the Division of Administration, Office of State Uniform Payroll.
- O. Vendors must reconcile monthly remittances in total and at each product level as of January.

ISIS HR Wage Types/Product Codes:

The ISIS HR system uses a 4 digit number (wage type) that represents each vendor product being deducted. In addition to the wage type, there is wage type text that includes the product code (PA, NA, NN, etc.). Utilization of the wage type and/or product code from the deduction detail file (FTP file) will identify the product each payment is for. This will allow the vendor to quickly identify discrepancies between the product established by the vendor and the product being deducted and paid through ISIS HR. ***Vendors should set up their systems to use this wage type or the product code in order to more efficiently process deduction information.*** A current listing of your vendor's wage types can be obtained from OSUP.

§125. Vendor Responsibility

O. Vendors must reconcile monthly remittances in total and at each product level as of January.

ISIS HR Agency Numbers/Transfers between agencies:

With the new ISIS HR payroll system implemented in April 2001, employer identification is now at the personnel area number (agency) level. Control numbers/Payroll Reporting numbers are no longer used. If your system still has payroll reporting numbers, these can be converted to the agency number. The 4th, 5th and 6th digits make up the current ISIS HR agency number. An ISIS HR Paid Agency Listing can be obtained from the OSUP website at: http://www.doa.state.la.us/osup/isishr_agency_info.htm. Utilization of the agency number from the deduction detail file (FTP file) will identify when an employee transfers to another ISIS HR paid agency. This will allow the vendor to correctly identify which agency to send correspondence to. ***Vendors must set up their systems to use this identification structure in order to more efficiently process deduction information.***

§125. Vendor Responsibility

C. Vendor shall use invoice/billing identification structure that is compatible with payroll agency control groups to facilitate the monthly reconciliation.

Refunds:

Refunds to employees from Flexible Benefits Plan (FBP) participating miscellaneous vendors (those vendors which have **one or more** products participating in the FBP) must be processed through the ISIS HR payroll system. Refunds to employees from FBP non-participating miscellaneous vendors (those vendors which have no products participating in the flexible benefit plan) must be refunded directly to the employees by the vendor.

NOTE: Written notification from vendors can be in the form of an email to the agency Employee Administrator (copying Angel Vernon of OSUP avernon@doa.state.la.us) with a letter and SED-4 attached as instructed below. Attached letter must be on company letterhead and include all required information. Each email must be for one employee only. The Administrative Coordinator is responsible for assuring that requests are from appropriate vendor staff assigned to this duty.

SED-4's can be faxed between parties to obtain required signatures for timely processing of corrections.

The following procedures should be followed by flexible benefit plan miscellaneous vendors and agencies when an overpayment of premiums is recognized:

Vendor Action:

1. ***Advise agency payroll Employee Administration Unit in writing, indicating 1) the reason, 2) the deduction code/wage type, 3) the amount by deduction code/wage type, and 4) the premium period for the overpayment/refund.***
2. If applicable, send an updated authorization form to the employee for signature. Send a copy to the agency for documenting pending receipt of the signed form from employee.
3. Send either a copy of the letter in item 1 or other correspondence to the employee advising that the agency was authorized to refund the overpayment through the ISIS HR system (see references to Section 125 regulations in agency procedures below).
4. Send a copy of letter in item 1 to Flexible Benefits Plan Administration.

NOTE: When the refund is processed by the agency in ISIS HR, the payment to the vendor will be reduced by the amount of any refunds processed in that month. The deduction data (FTP file with employee detail records) will also reflect the refund.

Agency Action:

1. Upon receipt of proper notification from the vendor, determine if the employee is allowed to receive the refund under IRS Code Section 125 due to FBP participation. Pre-tax premium dollars can not be refunded to employees unless a legitimate Change in Status has occurred or there was an administrative error in the deduction amount.
2. If a refund is appropriate, process the refund through ISIS HR using the code under which it was deducted. If the employee is not allowed, by the IRS Section 125 regulations, to have the refund of premium, it may be necessary to also process an offsetting one-time deduction for the appropriate required flex deduction.
3. When an updated authorization form signed by the employee is received, change or stop the employee's deduction accordingly. ***If the refund was required because of incorrect semi-monthly deductions, this amount should be corrected immediately to prevent future refunds.*** If an agency or any employee receives a refund check from a flexible benefits plan miscellaneous vendor, the agency must return the check to the vendor and process the refund through ISIS HR if all documentation required (employee name, social security number, agency, amount of refund, reason for refund, and premium time period) can be obtained from the refund check and accompanying correspondence. If all relevant information is not available, the agency should contact the vendor for the necessary data. ***The vendor is responsible for informing the employee of the overpayment.***
4. To avoid possible additional work for the agency due to not receiving a signed SED-4 from the employee, when the deduction is corrected due to an incorrect semi-monthly deduction, a standard form letter with a copy of the SED-4 received from the vendor should be forwarded to the employee with a brief statement about the change.

The following procedures should be followed by non-flexible benefits plan miscellaneous vendors and agencies when an overpayment of premiums is recognized:

Vendor Action:

1. Refund the employee directly.
2. ***Advise agency payroll Employee Administration Unit in writing, indicating 1) the reason, 2) the deduction code/wage type, 3) the amount by deduction code/wage type, and 4) the premium period for the overpayment/refund.***
3. If applicable, send an updated authorization form to the employee for signature. Send a copy to the agency for documenting pending receipt of the signed form from employee.

Agency Action:

1. When an updated authorization form signed by the employee is received, change or stop the employee's deduction accordingly

§125. Vendor Responsibility

M. Vendors shall follow procedures established by the Division of Administration, Office of State Uniform Payroll or Governing Board when refunding payroll deducted and remitted premiums to employees, implementing across the board rate increases, or requesting changes to existing products. See §112.